

ORIGINAL

OPEN MEETING



0000094494

MEMORANDUM

RECEIVED

TO: THE COMMISSION

FROM: Utilities Division

DATE: March 12, 2009

2009 MAR 12 P 2: 05
AZ CORP COMMISSION
DOCKET CONTROL

RE: IN THE MATTER OF THE APPLICATION OF BELL ATLANTIC COMMUNICATIONS, INC. DBA VERIZON LONG DISTANCE TO DISCONTINUE CERTAIN COMPETITIVE RESOLD TELECOMMUNICATIONS SERVICES (DOCKET NO. T-03289A-08-0593)

A. Introduction

On December 10, 2008, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("VLD") filed an application to discontinue offering presubscribed long distance telecommunications service throughout Arizona effective as of April 1, 2009 and, pursuant to Arizona Administrative Code ("A.A.C.") R14-2-1107, to cancel that portion of its Certificate of Convenience and Necessity ("CC&N") authorizing it to provide presubscribed long distance telecommunications services.

A CC&N to provide competitive interLATA/intraLATA resold telecommunications services except local exchange services was granted in Decision No. 61845 on July 21, 1999 by the Arizona Corporation Commission ("Commission").

B. The Transaction

Pursuant to A.A.C. R14-2-1107, VLD proposes to cancel the portion of its CC&N authorizing the provision of presubscribed long distance telecommunications services. However, VLD proposes to continue offering originating calling card services with operator assistance to serve customers from other states that travel to Arizona and use their calling card to originate intrastate calls and does not seek cancellation of its CC&N. VLD requests that the Commission issue an order that:

1. Approves this Application pursuant to ACC R-14-2-1107 authorizing VLD to withdraw all basic and optional calling plans effective as of April 1, 2009;
2. Requires VLD to modify its tariffs on file with the Commission to remove basic and optional calling plans; and
3. Cancels VLD's performance bond.

Arizona Corporation Commission

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In its application, VLD states that it has approximately 2,369 residential customers¹ and 481 business customers for which it will cease providing service, holds no customer deposits, does not market its long distance services in Arizona and has maintained its performance bond in the amount of \$10,000 as required by Decision No. 68348².

C. Staff's Analysis

In its response to Staff's First Set of Data Requests, VLD indicated that it has never marketed its services directly to Arizona consumers and indicated that it received no customer complaints from January 1, 2006 through December 31, 2008.

VLD verified by zip code that all affected customers³ have been notified of the proposed discontinuance and all affected customers have been provided with information to enable them to choose an alternative provider. VLD included a copy of the notice provided to customers on December 1, 2008 with its application.

VLD indicated that it received one written complaint, dated December 18, 2008, since issuing the customer notice included with its application. The complaint was initially received by the Commission's Consumer Services section and communicated to VLD. The complaint was related to confusion regarding the customer notice statement informing customers how to seek assistance regarding the proposed long distance changes by VLD – 'If you require assistance or have any questions please contact us at the number referenced on your bill.' In response, VLD provided phone numbers to the Commission's Consumer Services section for customers to call. Staff believes the complaint has been satisfactorily resolved.

The Commission's Consumer Services section also received a number of inquiries from Verizon customers. These inquiries concerned the same customer confusion regarding the notice from Verizon and choosing a new long distance provider. The inquiries were resolved following Staff's communications with Verizon's regulatory contact.

On December 24, 2008, VLD published notice in newspapers of general circulation in the areas affected by this Application and filed an Affidavit of Publication with the Commission on January 6, 2009.

Long distance is a highly competitive service. As such, Staff believes that VLD customers affected by this Application have access to numerous alternative providers throughout Arizona.

¹ On 2/24/09, VLD explained that the application should have stated "...2,369 residential lines and 481 business lines..."

² 12/9/05, T-03289A-05-0279, In the matter of the application of Verizon California Inc., Verizon Select Services Inc, OnePoint Communications - Colorado, L.L.C. dba Verizon Avenue, Bell Atlantic Communications, Inc. dba Verizon Long Distance, NYNEX Long Distance Company dba Verizon Enterprise Solutions, MCI metro Access Transmission Services, L.L.C., MCI WorldCom Network Services, Inc., TTI National, Inc., Teleconnect Long Distance Services and Systems Company dba Telecom*USA, MCI WorldCom Communications, Inc. and Intermedia Communications, Inc. for approval of a reorganization.

³ Customer notices were mailed to 1,898 residence customers and 367 business customers.

Since VLD will not have any presubscribed end-users and as such will not hold any customer deposits, Staff does not believe a performance bond is required.

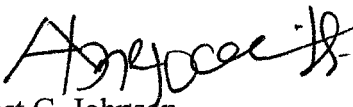
On March 10, 2009, VLD informed Staff that what it holds no customer deposits, one residential user was found to have a long distance prepaid plan⁴ that requires advance end-user payments.

D. Staff's Recommendations

Staff recommends approval of VLD's application to withdraw all basic and optional long distance calling plans pursuant to A.A.C. R14-2-1107 on the condition that VLD:

1. modify its tariffs on file with the Commission to remove basic and optional calling plans,
2. withdraw any open tariff applications currently on file with the Commission within 60 days of a decision in this matter,
3. refund all dollars associated any and all prepaid long distance plans within 30 days of a decision in this matter ,
4. certify in compliance filing to Staff that all customers with prepaid long distance plans have been refunded all funds due to them within 60 days of a decision in this matter and,
5. identify in a confidential compliance filing to Staff all customers given prepaid long distance plan refunds by name, address and telephone number for verification by Staff within 60 days of a decision in this matter.

Additionally, Staff recommends cancellation of VLD's performance bond.

for 
Ernest G. Johnson
Director
Utilities Division

EGJ:AFF:lm\KOT

ORIGINATOR: Armando Fimbres

⁴ AZ.C.C. Tariff No. 2, Section 3.6.7, Plan E Service

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 KRISTIN K. MAYES
 Chairman
3 GARY PIERCE
 Commissioner
4 PAUL NEWMAN
 Commissioner
5 SANDRA D. KENNEDY
 Commissioner
6 BOB STUMP
 Commissioner

8 IN THE MATTER OF THE APPLICATION)
 OF BELL ATLANTIC)
9 COMMUNICATIONS, INC. DBA VERIZON)
 LONG DISTANCE TO DISCONTINUE)
10 CERTAIN COMPETITIVE RESOLD)
11 TELECOMMUNICATIONS SERVICES)
12
13

DOCKET NO. T-03289A-08-0593
DECISION NO. _____
ORDER

14 Open Meeting
 March 31 and April 1, 2009
15 Phoenix, Arizona

16 BY THE COMMISSION:

17 **Introduction**

18 On December 10, 2008, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance
19 ("VLD") filed an application to discontinue offering presubscribed long distance
20 telecommunications service throughout Arizona effective as of April 1, 2009 and, pursuant to
21 Arizona Administrative Code ("A.A.C.") R14-2-1107, to cancel that portion of its Certificate of
22 Convenience and Necessity ("CC&N") authorizing it to provide presubscribed long distance
23 telecommunications services.

24 A CC&N to provide competitive interLATA/intraLATA resold telecommunications
25 services except local exchange services was granted in Decision No. 61845 on July 21, 1999 by
26 the Arizona Corporation Commission ("Commission").

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FINDINGS OF FACT**Background**

1. Pursuant to A.A.C. R14-2-1107, VLD proposes to cancel the portion of its CC&N authorizing the provision of presubscribed long distance telecommunications services. However, VLD proposes to continue offering originating calling card services with operator assistance to serve customers from other states that travel to Arizona and use their calling card to originate intrastate calls and does not seek cancellation of its CC&N. VLD requests that the Commission issue an order that:

1. Approves this Application pursuant to ACC R-14-2-1107 authorizing VLD to withdraw all basic and optional calling plans effective as of April 1, 2009;
2. Requires VLD to modify its tariffs on file with the Commission to remove basic and optional calling plans; and
3. Cancels VLD's performance bond.

2. In its application, VLD states that it has approximately 2,369 residential customers¹ and 481 business customers for which it will cease providing service, holds no customer deposits, does not market its long distance services in Arizona, and has maintained its performance bond in the amount of \$10,000 as required by Decision No. 68348².

Staff's Analysis and Conclusions

3. In its response to Staff's First Set of Data Requests, VLD indicated that it has never marketed its services directly to Arizona consumers and indicated that it received no customer complaints from January 1, 2006 through December 31, 2008.

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¹ On 2/24/09, VLD explained that the application should have stated "...2,369 residential lines and 481 business lines..."

² 12/9/05, T-03289A-05-0279, In the matter of the application of Verizon California Inc., Verizon Select Services Inc, OnePoint Communications - Colorado, L.L.C. dba Verizon Avenue, Bell Atlantic Communications, Inc. dba Verizon Long Distance, NYNEX Long Distance Company dba Verizon Enterprise Solutions, MCI metro Access Transmission Services, L.L.C., MCI WorldCom Network Services, Inc., TTI National, Inc., Teleconnect Long Distance Services and Systems Company dba Telecom*USA, MCI WorldCom Communications, Inc. and Intermedia Communications, Inc. for approval of a reorganization.

1 4. VLD verified by zip code that all affected customers³ have been notified of the
2 proposed discontinuance and all affected customers have been provided with information to enable
3 them to choose an alternative provider. VLD included a copy of the notice provided to customers
4 on December 1, 2008 with its application.

5 5. VLD indicated that it received one written complaint, dated December 18, 2008,
6 since issuing the customer notice included with its application. The complaint was initially
7 received by the Commission's Consumer Services section and communicated to VLD. The
8 complaint was related to confusion regarding the customer notice statement informing customers
9 how to seek assistance regarding the proposed long distance changes by VLD – 'If you require
10 assistance or have any questions please contact us at the number referenced on your bill.' In
11 response, VLD provided phone numbers to the Commission's Consumer Services section for
12 customers to call. Staff believes the complaint has been satisfactorily resolved.

13 6. The Commission's Consumer Services section also received a number of inquiries
14 from Verizon customers. These inquiries concerned the same customer confusion regarding the
15 notice from Verizon and choosing a new long distance provider. The inquiries were resolved
16 following Staff's communications with Verizon's regulatory contact.

17 7. On December 24, 2008, VLD published notice in newspapers of general circulation
18 in the areas affected by this Application and filed an Affidavit of Publication with the Commission
19 on January 6, 2009.

20 8. Long distance is a highly competitive service. As such, Staff believes that VLD
21 customers affected by this Application have access to numerous alternative providers throughout
22 Arizona.

23 9. Since VLD will not have any presubscribed end-users and as such will not hold any
24 customer deposit, Staff does not believe a performance bond is required.

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³ Customer notices were mailed to 1,898 residence customers and 367 business customers.

10. On March 10, 2009, VLD informed Staff that what it holds no customer deposits, one residential user was found to have a long distance prepaid plan⁴ that requires advance end-user payments.

11. For the reasons stated above, Staff recommends approval of VLD's application to withdraw all basic and optional long distance calling plans pursuant to A.A.C. R14-2-1107 on the condition that VLD:

1. modify its tariffs on file with the Commission to remove basic and optional calling plans,
2. withdraw any open tariff applications currently on file with the Commission within 60 days of a decision in this matter,
3. refund all dollars associated any and all prepaid long distance plans within 30 days of a decision in this matter,
4. certify in compliance filing to Staff that all customers with prepaid long distance plans have been refunded all funds due to them within 60 days of a decision in this matter and,
5. identify in a confidential compliance filing to Staff all customers given prepaid long distance plan refunds by name, address and telephone number for verification by Staff within 60 days of a decision in this matter.

12. Additionally, Staff recommends cancellation of VLD's performance bond.

CONCLUSIONS OF LAW

1. Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("VLD") is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over VLD and over the subject matter of the Application.

3. The Commission, having reviewed the application and Staff's Memorandum dated March 12, 2009 concludes that it is in the public interest to approve this application.

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⁴ AZ.C.C. Tariff No. 2, Section 3.6.7, Plan E Service

ORDER

IT IS THEREFORE ORDERED that the application of Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance to withdraw all basic and optional long distance calling plans pursuant to A.A.C. R14-2-1107 be and hereby is approved.

IT IS FURTHER ORDERED that Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance withdraw any open tariff applications currently on file with the Commission within 60 days of a decision in this matter.

IT IS FURTHER ORDERED that Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance modify its tariffs on file with the Commission to remove basic and optional calling plans within 60 days of a decision in this matter.

IT IS FURTHER ORDERED that Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance refund all dollars associated any and all prepaid long distance plans within 30 days of a decision in this matter ,

IT IS FURTHER ORDERED that Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance certify in compliance filing to Staff that all customers with prepaid long distance plans have been refunded all funds due to them within 60 days of a decision in this matter.

IT IS FURTHER ORDERED that Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance identify in a confidential compliance filing to Staff all customers given prepaid long distance plan refunds by name, address and telephone number for verification by Staff within 60 days of a decision in this matter.

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IT IS FURTHER ORDERED that Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance's performance bond be cancelled.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, MICHAEL P. KEARNS, Interim Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2009.

MICHAEL P. KEARNS
Interim Executive Director

DISSENT: _____

DISSENT: _____

EGJ:AFF:lhv\KOT

1 SERVICE LIST FOR: BELL ATLANTIC COMMUNICATIONS, INC. DBA VERIZON
2 LONG DISTANCE
3 DOCKET NO. T-03289A-08-0593

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